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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769.	Rulemaking 14-08-013 (Filed August 14, 2014)
And Related Matters.	Application 15-07-002 Application 15-07-003 Application 15-07-006
(NOT CONSOLIDATED)	
In the Matter of the Application of PacifiCorp (U901E) Setting Forth its Distribution Resource Plan Pursuant to Public Utilities Code Section 769.	Application 15-07-005 (Filed July 1, 2015)
And Related Matters.	Application 15-07-007 Application 15-07-008

ASSIGNED COMMISSIONER'S RULING ON TRACK 3 ISSUES

Summary

This ruling requests comment from parties on a proposal to consolidate and prioritize many of the issues identified for Track 3 of this proceeding in the January 27, 2016 *Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judge*.

1. Background

The *Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judge, Including Deconsolidation of Certain Proceedings and a Different Consolidation of Other Proceedings* (Scoping Memo) was issued on January 27, 2016, and established three tracks for this proceeding:

Track 1 (Methodological Issues) addresses development of the Integration Capacity Analysis and Locational Net Benefits Analysis (LNBA) methodologies and the associated Demonstration Projects A and B.

Track 2 (Demonstration and Pilot Projects) addresses evaluation and approval of the Distributed Energy Resources (DER) Locational Benefits, Distribution Operations with High Penetrations of DERs, and microgrid demonstration projects (Projects C, D, and E respectively).

Track 3 (Policy Issues) identified 22 policy issues on topics such as competitive neutrality, grid modernization, utility business models, coordination with other proceedings and other agencies, forecasting DER adoption, and the relationship of the Distribution Resources Plan (DRP) process with established distribution planning and cost recovery processes.

2. Discussion

The Scoping Memo envisioned that workshops in Track 3 would begin the 2nd Quarter of 2016. To date, no activity in Track 3 has occurred. In order to make the best use of the Commission's and parties' resources, this ruling proposes eliminating certain issues from further consideration and consolidating the remaining issues into three categories. The Scoping Memo's 22 separate issues for consideration in Track 3 are reproduced below and have been numbered to facilitate reference.

1. Definition of distribution services that can be provided by distributed energy resources, to the extent these are not already addressed in Track 1 above related to the LNBA methodology;
2. Competitive neutrality, grid neutrality, and third-party ownership of DERs;
3. Grid modernization investment/deferral frameworks;
4. Control over dispatch of DERs;
5. The role of community choice aggregators (CCAs) and electric service providers and the utilities' responsibilities for competitive neutrality with respect to other wholesale electricity providers;
6. Utility role, business models, and financial interest with respect to DER deployment;
7. Coordination with other agencies with respect to climate policy;
8. Coordination with other procurement-related proceedings within the Commission, including the long-term procurement plan (LTPP) proceeding;
9. Coordination with the California Energy Commission's (CEC's) Integrated Energy Policy Report (IEPR) and demand forecast, as well as with the California Independent System Operator's Transmission Planning Process (TPP);
10. Maximizing ratepayer benefits of DERs, both in terms of overall system cost (including generation, transmission, and distribution) and greenhouse gas (GHG) reductions;
11. Value of DERs to customers;
12. Barriers to DER deployment that are safety or reliability-related. Other general discussion of barriers will be deferred to the IDER rulemaking;
13. DER deployment in disadvantaged communities;
14. Accounting for the GHG reduction benefits of DERs;

15. What grid modernization functions need to be deployed to support full DER integration;
16. Establishment of safety standards;
17. Data access and confidentiality issues, to the extent they are not resolved in Track 1 with respect to the LNBA and Interconnection Agreement methodologies;
18. Appropriate growth scenarios and/or forecasts for analysis of DER deployment;
19. Consideration of and need for optimized portfolios of DERs;
20. Whether and when to require periodic updates to utility distribution resource plans;
21. Relationship to utility general rate cases (GRCs); and
22. Integration of DRPs into utility distribution infrastructure planning and investment.

I propose that eight of the issues listed above be organized into three sub-tracks as follows.

1. Sub-track 1: DER Adoption and Distribution Load Forecasting (items 8, 9, and 18). In this track, the parties will consider the need to forecast DER adoption and loads at various levels of distribution system disaggregation; methodologies and data sources for distribution-level forecasting; and coordination with ongoing forecasting activities in the IEPR, LTPP, TPP, and any other applicable demand forecasts in determining the DER growth scenarios and/or anticipated investments in the distribution system to maintain reliability.
2. Sub-track 2: Grid Modernization Investments (items 3 and 15). In this track, the parties will consider what grid modernization functions need to be deployed to support full DER integration. As a result of this sub-track, the Commission may develop guidelines to govern utilities' future requests for funding related to grid modernization.

3. Sub-track 3: Integration of DRP into Planning and Cost Recovery Processes (items 20, 21, and 22). In this track, the parties will consider the processes for integrating DRPs into utility distribution planning and investment, including how the identification of deferral opportunities or other high value locations for DER deployment will lead to solicitations for DER services (or other market opportunities) and will inform utility investment requests in General Rate Cases.

The remaining items would be removed from the scope of Track 3. The table below lists the remaining items and provides the rationale for removal from the scope.

Topic	Item(s)	Rationale
Definition of distribution services	1	All distribution services should be identified in Track 1 and the Integration of Distributed Energy Resources (IDER) proceeding (R.14-10-003).
Competitive neutrality, grid neutrality, and third-party ownership of DERs	2	No specific issues identified; utilities have acknowledged significant role for third parties; also addressed in Track 2.
Control over dispatch of DERs	4	Appropriately addressed in IDER proceeding: utility control over dispatch would be stipulated in contractual terms or tariffs; also addressed in Track 2.
Role of CCAs	5	Addressed in IDER Competitive Solicitation Framework Working Group (CSFWG).
Roles and models re DER deployment	6	Addressed in IDER proceeding.
Coordination with other agencies on climate policy	7	No specific issues requiring coordination with other agencies have been identified.
Maximizing ratepayer benefits of DER	10	No specific issue identified; this is the overall goal of the DRP and IDER proceedings; also addressed in Track 1.

Topic	Item(s)	Rationale
DER value to customers	11	No specific issue identified; value to customers will be determined by bill savings, and solicitation and tariff opportunities pursuant to IDER proceeding.
Safety standard and barriers to DEP deployment that are safety related	12, 16	More appropriately addressed in an interconnection proceeding; implicitly reflected in the Integration Capacity Analysis.
DER deployment in disadvantaged communities	13	No specific procurement policies or programs are under consideration in this proceeding; deployment in disadvantaged communities addressed in the NEM proceeding (Rulemaking 14-07-002); also addressed in IDER CSFWG.
Accounting for GHG reduction benefits	14	GHG reduction benefits are not unique to DERs; GHG accounting addressed in IDER and CSI/DG (R.12-11-005) proceedings
Data access and confidentiality issues	17	Addressed in Track 1, as well as IDER and energy efficiency proceedings.
Optimized portfolios of DERs	19	Addressed in Track 1 and IDER working groups; the value of DERs to the distribution grid is a function of their attributes; optimized DER portfolios should emerge in response to market opportunities to provide distribution (and bulk) grid services.

Parties are requested to comment on the questions below related to this proposal for addressing the Track 3 issues identified in the Scoping Memo.

1. Should items 3, 8, 9, 15, 18, 20, 21, and 22 from the list in the Scoping Memo be grouped into the three sub-tracks described above? Should any other items from the Scoping Memo list be included in one of the three sub-tracks?
2. Should any additional sub-track be established? If so, which of the items in the Scoping Memo list would be included? Provide a detailed justification of the need for the additional track, describing specifically what issues need to be addressed and why.

3. Should the proceeding address three sub-tracks, and any additional sub-track you recommend, in any particular order? Provide your rationale for the recommended prioritization.

IT IS SO RULED.

Parties may submit comments on the questions above by August 16, 2016.

No reply comments will be accepted.

Dated August 9, 2016, at San Francisco, California.

/s/ MICHAEL PICKER

Michael Picker
Assigned Commissioner